

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:**                      **Audit & Risk Committee**                      **DATE:** 23<sup>rd</sup> September 2014

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**(For all enquiries)**                      (01753) 875368

**WARD(S):**                                      **All**

### **PART I** **FOR INFORMATION**

#### **Audit & Risk Management Update – Quarter 1 2014-15**

##### **1 Purpose of Report**

The purpose of this report is to:

- Report to members on the progress against the 2013/14 and 2014/15 Internal Audit Plan up to Quarter 1
- Report to members on the progress of the implementation of Internal Audit recommendations
- Report to members the Council's latest counter-fraud activity
- Report to members the Council's Risk Register

##### **2 Recommendation(s)/Proposed Action**

That Audit & Risk Committee is requested to comment on and note the reports.

##### **3 Sustainable Community Strategy Priorities**

The actions contained within the attached reports are designed to improve the governance of the organisation and will contribute to all of the emerging Community Strategy Priorities

###### Priorities:

- *Economy and Skills*
- *Health and Wellbeing*
- *Regeneration and Environment*
- *Housing*
- *Safer Communities*

##### **4 Other Implications**

###### **4.1 Financial**

None other than those detailed in the internal audit reports

###### **4.2 Risk Management**

This report concerns risk management across the Council

#### 4.3 Human Rights Act and Other Legal Implications

n/a

#### 4.4 Equalities Impact Assessment

There is no identified need for an EIA

### **5 Supporting Information**

#### 5.1 Overview

5.1.1 Baker Tilley have completed a number of audits from their work during the first quarter of 2014-15.

5.1.2 The overall Internal audit reports have continued to be finalised at a more appropriate rate than in the previous financial year. Of the 2013-14 internal audits, none remain outstanding for the Council. Three reports in respect of schools remain outstanding and the Chairman of the Audit Committee has written to these schools requesting that these are finalised.

5.1.3 The Committee saw many of the reports summary in draft at the previous meeting. In the Annual Governance Statement that was approved at the previous meeting, many of these reports were highlighted as red and were included in the Statement as key issues, for example contract management. The Council is working to improve contract management arrangements and the respective assistant director attended the previous Audit & Risk Committee meeting to update the committee on progress with regards this. As with all internal audit reports that are finalised, there is an action plan to address any issues raised.

5.1.4 The corporate risk register has been updated to reflect the latest risks resulting from the Ofsted inspection earlier in the year and the subsequent Dept. For Education review.

#### 5.2 Internal Audit Q1 2014-15 progress report

5.2.1 The full report is attached at appendix A.

5.2.2 The internal audit plan for 2014-15 was set very much with a focus on addressing identified risks. As Bakertilly have had two years of experience at the Council, management and the audit & risk committee have focussed the internal audit resource very much towards areas of risk; for example focussing increasingly around contract management and areas of weaker assurance from recent audits.

5.2.3 It is pleasing to note that in respect of the budget setting audit for 2014-15 that this has been assessed as green and can provide some strong assurances to members and senior management around the processes governing how the budget was set for 2014-15 in a time of increasingly scarce resources.

### 5.3 Finalising Internal Audit Reports

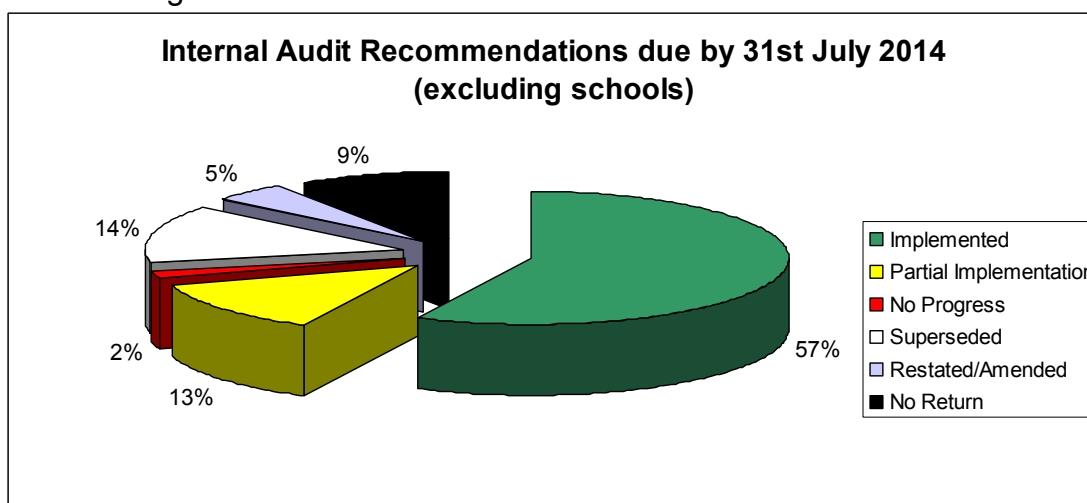
5.3.1 The table below shows those Internal Audits that remain in draft and are yet to be finalised as at 1<sup>st</sup> September 2014. This list of

Audit Title	Draft Issued	Responses due	Client sponsor
OLOP Junior 19 13.14	22 November 2013	07 December 2013	Head teacher
Claycots Primary 42 13 14	04 April 2014	18 April 2014	Head teacher
Pippins School 44 13 14	11 April 2014	25 April 2014	Head teacher
<i>Chalvey Early Years Centre 1 15 15</i>	<i>22 May 2014</i>	<i>05 June 2014</i>	<i>Chris Ashton</i>
<i>Lone Working Procedures</i>	<i>29<sup>th</sup> July 2014</i>	<i>12<sup>th</sup> August 2014</i>	<i>Kevin Gordon</i>
<i>Contract Management – SCL</i>	<i>26<sup>th</sup> August 2014</i>	<i>9<sup>th</sup> September 2014</i>	<i>Andrew Stevens</i>
<i>Data Quality</i>	<i>11<sup>th</sup> September 2014</i>	<i>25<sup>th</sup> September 2014</i>	<i>Julie Pickering / Joseph Holmes</i>
<i>Schools Financial Value Standards</i>	<i>4<sup>th</sup> August 2014</i>	<i>18<sup>th</sup> August 2014</i>	<i>Joseph Holmes</i>

5.3.2 The Risk and Insurance Officer regularly monitors the progress of the implementation of “high” or “medium” recommendations made following Internal Audit reports. Below is a graph that shows the percentage of recommendations that have either been implemented, are in progress, no action has been taken, or the recommendation has been superseded.

5.3.3 Bakertilly has received assurance that the Council’s Internal Audit recommendation tracking tool implemented by the Council is a useful tool for the Committee.

5.3.4 The number of implemented recommendations has now reached a plateau of just over half (it has stayed in a range between 52% and 62% over the past year). A further effort will be made to now move this figure to a higher number, accepting that sometimes the recommendations will be superseded or the environment changes.



5.3.5 The table below details those audits where recommendations are still outstanding or where requests for information has no been responded to.

<b>Name of Audit</b>	<b>High Level rec's not Responded to</b>	<b>Medium Level rec's not Responded to</b>
<b>Corporate Reports</b>		
Business Continuity Planning Arrangements 41 12/13	0	5
Children's Services Procurement 4 13 14	1	0
Contract Management 25 13.14	1	0
Contract Management and Third Party Procurement – Atkins Limited 22 13.14	1	0
Contractual Management Arrangements - Amey Plc. 23 13 14	0	1
Debtors and Cash Management 30 13.14	0	2
Declaration of Interest 49 13 14	1	0
Estates & Facilities Management 43 12.13	0	1
General Ledger 35 13 14	1	1
Housing Benefits 28 13.14	0	1
Procurement 50 13 14	0	1
Rent Accounts 36 13 14	1	0
Use of Agency & Workforce Planning 24 13 14	2	1
<b>Sub Total</b>	<b>8</b>	<b>13</b>
<b>Schools</b>		
Baylis Court Nursery School 16 13 14	0	1
Haybrook College 9 12 13	1	6
Littledown 7 13.14	0	1
Montem Primary 14 13.14	0	1
Parlaunt Park Primary School 17 13.14	0	3
Priory School 3.13/14	0	2
St Bernards 12 13.14	1	0
St Josephs	0	3
Wexham 20 13.14	1	1
<b>Total</b>	<b>4</b>	<b>15</b>

## 5.5 Fraud update

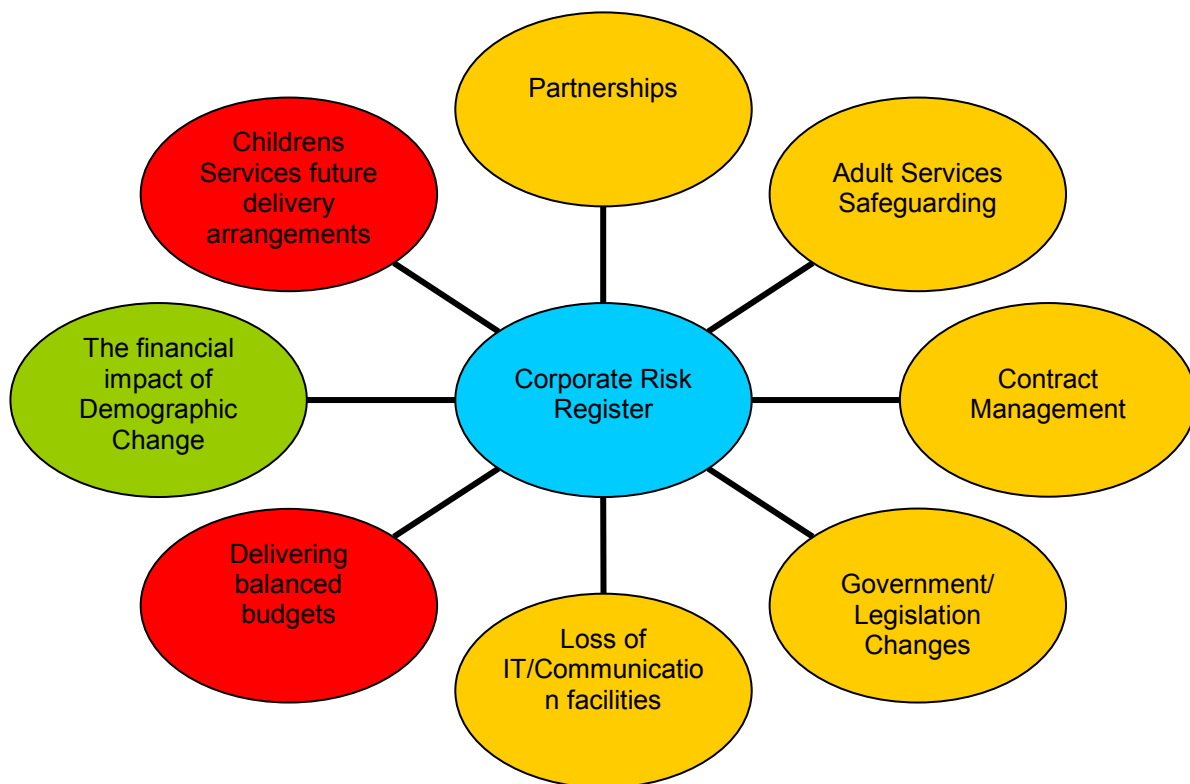
5.5.1 Every year the Council is required to report all fraud activity with a value over £10,000. The Council provides this summary on a quarterly basis to the Audit & Risk Committee. Below is a summary table of activity completed in the current year.

Type of Fraud	Amount	Recovery Action	Action Against Perpetrator
Benefit fraud	HBen - £11.4k Administration penalty - £3.4k	Administrative penalty and recovery through benefits of £500 per month.	Administrative Penalty offered under s115A of the Social Security Administration Act 1992 as amended. Accepted 11/08/14 .No further action required.
Total	<b>£14.8k</b>		

## 5.6 Corporate Risk Register

5.6.1 The Corporate Risk Register is included within appendix C. The Audit Committee are asked to review the risk register and provide any comments back through the CMT.

5.6.2 Below is a diagram that illustrates the make up of the corporate risk register and the risk ranking



5.6.3 Since the previous audit committee, the risk around the delivery of the curve has been removed as this has been replaced with a risk concerning partnership working with other elements of the public sector.

**6 Comments of Other Committees**

n/a

**7 Conclusion**

That the Audit Committee notes the latest updates from Internal Audit.

**8 Appendices Attached**

'A' - Internal Audit Q1 2014-15 progress report  
'B' - Corporate Risk Register

**9 Background Papers**

Baker Tilley Audit Reports